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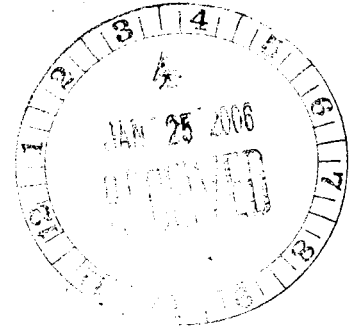
January 25, 2006

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Suite 700
Washington, DC 20423

ENTERED
Office of Proceedings

JAN 25 2006

Part of
Public Record



RE: Finance Docket No. 34762 (Sub-No. 1), *CSX Transportation, Inc.—Temporary
Trackage Rights—Alabama Great Southern Railroad Company*

Dear Secretary Williams:

Enclosed for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(8), a diskette with the file Notice.doc, 20 extra copies of the map, and a check covering the \$1,000.00 filing fee for the Notice. A Highly Confidential version of the agreement is filed under seal.

Please time and date stamp the extra copy of this letter and the Verified Notice of Exemption and return them with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Louis E. Gitomer
Attorney for CSX Transportation, Inc.

Enclosures

FILED

FILED

TRANSPORTATION BOARD

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34762 (Sub-No. 1)

CSX TRANSPORTATION, INC.
—TEMPORARY TRACKAGE RIGHTS—
ALABAMA GREAT SOUTHERN RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION

Robert Ledoux
Assistant General Counsel
CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202
(904) 359-1255

Louis E. Gitomer, Esq.
Of Counsel
Ball Janik LLP
1455 F Street, N.W., Suite 225
Washington, DC 20005
(202) 638-3307

Attorneys for: CSX Transportation, Inc.

Dated: January 25, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34762 (Sub-No. 1)

CSX TRANSPORTATION, INC.
—TEMPORARY TRACKAGE RIGHTS—
ALABAMA GREAT SOUTHERN RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION

CSX Transportation, Inc. ("CSXT") submits this Verified Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1180.2(d)(8) to continue operating overhead temporary trackage rights over certain rail lines operated by the Alabama Great Southern Railroad Company ("AGS"), a subsidiary of Norfolk Southern Railway Company (together with AGS, "NSR") generally between Birmingham, AL and Shrewsbury, LA. The temporary trackage rights cover a total distance of approximately 355.1 miles.¹ CSXT has operated between Birmingham, AL and New Orleans, LA in the aftermath of Hurricane Katrina under the overhead temporary trackage rights, and now seeks to extend its operations until February 15, 2006. The parties have entered an extension to permit CSXT to continue operating the overhead temporary trackage rights (Exhibit B), which are not sought as a responsive application in a rail consolidation proceeding. CSXT has not completed repairs to the line between Pascagoula, MS and New Orleans, LA that was damaged and destroyed by Hurricane Katrina.

Pursuant to the Surface Transportation Board's (the "Board") regulations at 49 C.F.R. §

¹ An incidental portion of the rail line, consisting of only four-tenths of a mile, is operated by NSR via a trackage rights agreement between AGS and The Kansas City Southern Railway Company ("KCSR"). KCSR has consented to the use of the KCSR Segment for the purpose of

1180.4(g), CSXT submits the following information:

Section 1180.6 Supporting Information

(a)(1)(i) Description of Proposed Transaction

CSXT is continuing overhead temporary trackage rights from NSR as follows: (1) AGS South District between Birmingham, AL, 27th Street, milepost 142.0, and Meridian, MS, 27th Avenue, milepost 295.4; (2) NSR's trackage rights over the connection between AGS and KCSR near 27th Avenue in Meridian, Mississippi at Milepost 295.4 and the connection between KCSR and AGS NO & NE District at Milepost NO-0.4; (3) NO & NE District between Meridian, MS, 27th Avenue, milepost NO 0.4, and New Orleans, LA, Oliver Junction, milepost 194.1, and (4) New Orleans terminal Back Belt Line between New Orleans, LA, Oliver Junction, milepost 7.9 NT, and East City Junction at milepost 3.8 NT and between East City Junction at milepost 3.5 A and Shrewsbury, LA, IC Connection, milepost 0.0 A, a total distance of 355.1 miles.

The carriers involved in this transaction and their business addresses are:

CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202

Alabama Great Southern Railroad Company
Three Commercial Place
Norfolk, VA 23510

Questions and correspondence concerning this notice may be addressed to:

Robert Ledoux
Assistant General Counsel
CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202
(904) 359-1255

the proposed CSXT trackage rights.

Louis E. Gitomer
Ball Janik LLP
1455 F Street, NW, Suite 225
Washington, DC 20005
(202) 638-3307

(a)(1)(ii) Consummation Date

CSXT expects to continue operating under the overhead temporary trackage rights on February 1, 2006.

(a)(1)(iii) Purpose Sought to be Accomplished

Substantial portions of CSXT's track along the Gulf Coast have been destroyed between Pascagoula, MS and New Orleans, LA, by Hurricane Katrina. In order to continue to provide overhead service to its customers while it rebuilds the damaged line of railroad, CSXT has arranged to extend its temporary overhead trackage rights with NSR. The temporary trackage rights are anticipated to expire on February 15, 2006.

(a)(5) List of States in which the Party's Property is Situated

CSXT owns and operates about 23,000 miles of railroad in the States of Alabama, Connecticut, District of Columbia, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, and the Provinces of Ontario and Québec. NS owns and operates in the States of Alabama, District of Columbia, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia.

The overhead temporary trackage rights are located in the States of Alabama, Mississippi,

and Louisiana.

(a)(6) Map

A map illustrating the involved trackage rights is attached as Exhibit A.

(a)(7)(ii) Agreement

A copy of the draft trackage rights agreement extension is attached as Exhibit B.

Labor Protection

Any employees who are adversely affected by the acquisition of the temporary overhead trackage rights that are the subject of this Notice are entitled to protection under the conditions imposed in *Norfolk and Western Railway Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified by *Mendocino Coast Ry., Inc. —Lease and Operate*, 360 I.C.C. 653 (1980) (“*N&W*”).


CSXT and NSR will provide the protections of *N&W*, but because of the emergency nature of the situation, the unions representing CSXT and NSR employees have agreed to waive the 20-day notice period of *N&W* so that operations may start upon the effective date of this Notice of Exemption.

Any employees who are adversely affected by the discontinuance of these temporary overhead trackage rights that are the subject of this Notice are entitled to protection under the conditions imposed in *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979).

Environmental and Historic Matters

Environmental and historic impacts associated with trackage rights transactions generally are considered to be insignificant. Therefore, environmental and historical reports and documentation normally need not be submitted for this type of transaction, pursuant to 49 C.F.R. § 1105.6(c)(4) and § 1105.8(b)(3).

Respectfully submitted,



Robert Ledoux
Assistant General Counsel
CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202
(904) 359-1255

Louis E. Gitomer, Esq.
Of Counsel
Ball Janik LLP
1455 F Street, N.W., Suite 225
Washington, DC 20005
(202) 638-3307

Dated: January 25, 2006

Attorneys for: CSX Transportation, Inc.

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34762 (SUB-NO. 1)

CSX TRANSPORTATION, INC.
—TEMPORARY TRACKAGE RIGHTS—
ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Alabama Great Southern Railroad Company (“AGS”), a subsidiary of Norfolk Southern Railway Company (together with AGS, “NSR”) has agreed to grant overhead temporary trackage rights to CSX Transportation, Inc. over (1) AGS South District between Birmingham, AL, 27th Street, milepost 142.0, and Meridian, MS, 27th Avenue, milepost 295.4; (2) NSR’s trackage rights over the connection between AGS and KCSR near 27th Avenue in Meridian, Mississippi at Milepost 295.4 and the connection between KCSR and AGS NO & NE District at Milepost NO-0.4; (3) NO & NE District between Meridian, MS, 27th Avenue, milepost NO 0.4, and New Orleans, LA, Oliver Junction, milepost 194.1, and (4) New Orleans terminal Back Belt Line between New Orleans, LA, Oliver Junction, milepost 7.9 NT, and East City Junction at milepost 3.8 NT and between East City Junction at milepost 3.5 A and Shrewsbury, LA, IC Connection, milepost 0.0 A, a total distance of 355.1 miles. The temporary trackage rights will be effective on February 1, 2006, and will expire on February 15, 2006.

As a condition to this exemption, any employee affected by the acquisition of the temporary trackage rights will be protected by the conditions imposed in *Norfolk and Western Railway Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified by *Mendocino Coast Ry., Inc. —Lease and Operate*, 360 I.C.C. 653 (1980), and any employee affected by the discontinuance of those trackage rights will be protected by the conditions set out in *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979).

This notice is filed under 49 CFR §1180.2(d)(8). If it contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34762, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Robert Ledoux, Assistant General Counsel, CSX Transportation, Inc., 500 Water Street J-150, Jacksonville, FL 32202, and Louis E. Gitomer, Ball Janik LLP, 1455 F Street, NW, Suite 225, Washington, DC 20005.

Dated:

By the Board.

Vernon A. Williams
Secretary

EXHIBIT A-MAP

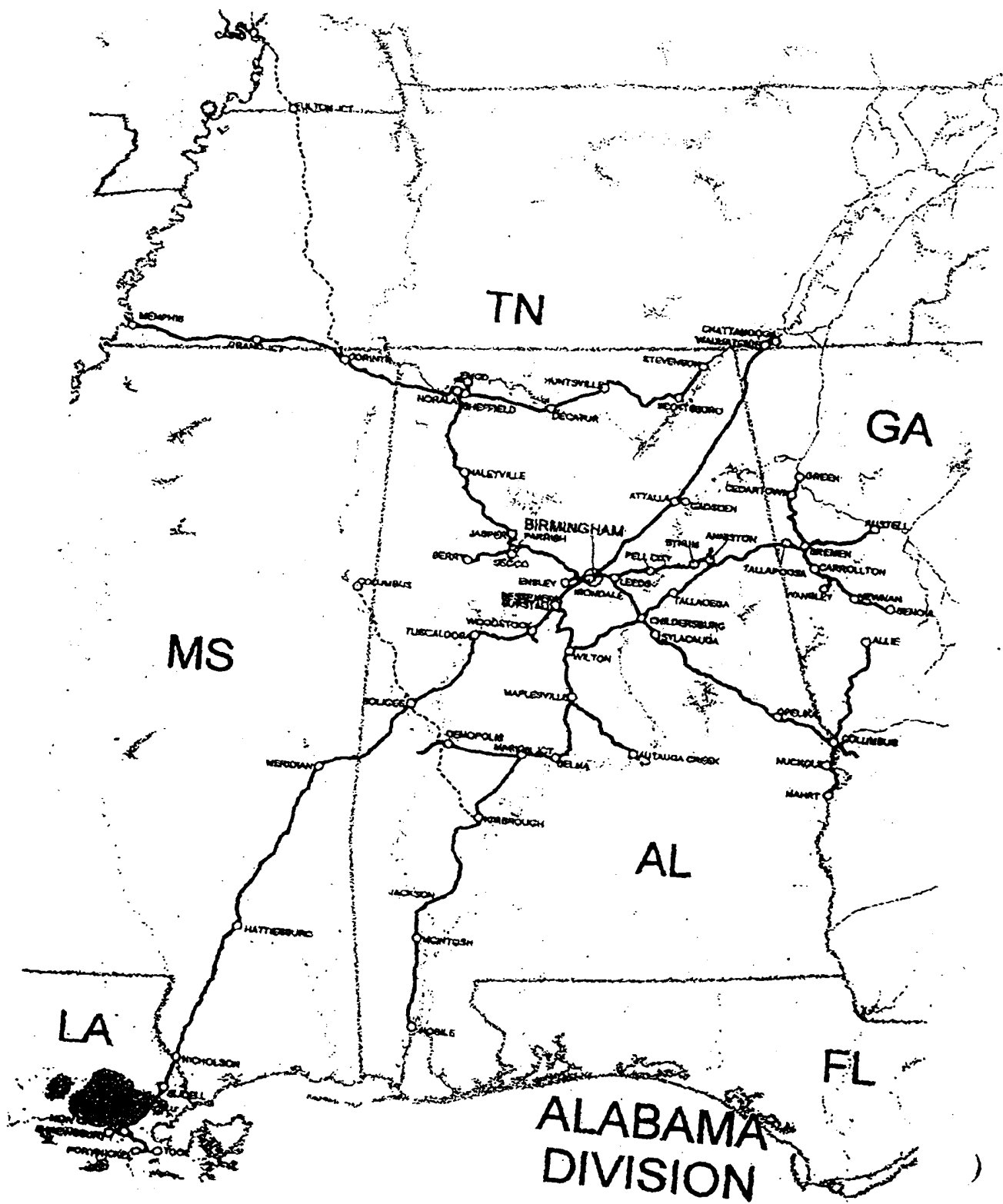


EXHIBIT B-AGREEMENT

**TEMPORARY
TRUCKAGE RIGHTS
SUPPLEMENTAL AGREEMENT**

THIS SUPPLEMENTAL AGREEMENT, entered into as of this 9th day of January, 2006 by and among THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY, a Virginia corporation, including its subsidiaries and affiliates ("AGS"), CSX TRANSPORTATION, INC. ("CSXT"), a Virginia corporation, and The Kansas City Southern Railway Company, a Missouri corporation ("KCSR"), which AGS, KCSR and CSXT are hereinafter each referred to as a "Party" and collectively referred to as "Parties";

WITNESSES:

WHEREAS, AGS is the owner and operator of certain lines of railroad extending between the connection of AGS and CSXT at Birmingham, Alabama and the connection with certain other railroads in New Orleans, Louisiana; and

WHEREAS, the parties hereto entered into a "Temporary Trackage Rights Agreement" dated September 29, 2003, whereby CSXT obtained temporary trackage rights over these lines of railroad for the sole purpose of bridging CSXT merchandise train service between Birmingham and interchange with certain other railroads in New Orleans while CSXT's lines of railroad between Pascagoula,

Mississippi and New Orleans are out of service in the aftermath of Hurricane Katrina; And

WHEREAS, a portion of the "Subject Trackage" as identified in the Temporary Trackage Rights Agreement covering approximately 4/10 of one mile in Meridian, MS ("KCSR Segment") is owned or operated by KCSR; and

WHEREAS, AGS has trackage rights to utilize the KCSR Segment via an agreement by and among AGS, New Orleans and Northeastern Railroad Company and Illinois Central Railroad Company, dated July 15, 1987 and supplemented September 10, 1989 ("KCSR Trackage Rights Agreement"); and

WHEREAS, KCSR has granted its consent to CSXT's use of the KCSR Segment for the purposes of the Temporary Trackage Rights Agreement provided CSXT pays to KCSR Five Hundred Dollars (\$500.00) per train per use, and otherwise is treated as an AGS train for the purposes of the KCSR Trackage Rights Agreement; and

WHEREAS, the Temporary Trackage Rights Agreement shall expire by limitation one hundred (100) days from the effective date; and

WHEREAS, CSXT desires, and AGS and KCSR are agreeable, to extend the term of the Temporary Trackage Rights Agreement until February 28, 2006.

15
MEMO

NOW, THEREFORE, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1. EXTENSION OF TEMPORARY TRACKAGE RIGHTS

Subject to the terms and conditions herein provided, AGS hereby grants to CSXT an extension of the temporary right to operate its merchandise trains, locomotives, cars and equipment with its own crews (hereinafter referred to as the "Trackage Rights") as granted by the Temporary Trackage Rights Agreement over the Subject Trackage, including the lines of railroad owned by AGS, and, pursuant to consent received from KCSR, over the KCSR Segment, until February 28, 2008.

15 MSW *[Signature]*

ARTICLE 2. REGULATORY APPROVAL

- (a) Should this Supplemental Agreement require the prior approval of the Surface Transportation Board (STB), CSXT at its own cost and expense shall initiate and thereafter diligently pursue an appropriate application or petition to secure such approval. AGS and KCSR shall assist and support efforts of CSXT to secure any necessary STB approval of this Supplemental Agreement.
- (b) Should the STB at any time during the term of this Supplemental Agreement impose any labor protective conditions upon one or more of the arrangements covered

by it, CSXT, solely shall be responsible for any and all payments in satisfaction of such conditions.

ARTICLE 3. TERM AND TERMINATION

- (a) This Supplemental Agreement shall be effective upon the date first above written and shall remain in full force and effect until February 28, 2006, ^{15 MARCH} or upon notification by CSXT to AGS and RCSR that CSXT's lines of railroad between Passagoula and New Orleans have been restored to service, whichever is earlier. Any Party may terminate this Supplemental Agreement by ten (10) days written notice to the other Parties.
- (b) Upon termination of this Supplemental Agreement, all right possessed by CSXT to operate over the subject trackage shall be terminated. CSXT acknowledges the application of labor protection conditions imposed by the Surface Transportation Board to its discontinuance of the trackage rights covered by the Temporary Trackage Rights Agreement, and agrees to use its best efforts to satisfy any such conditions necessary to discontinuance of its rights on or before the 180th day following the effective date of the Temporary Trackage Rights Agreement or the date of the restoration to service of its Passagoula-New Orleans line, whichever is earlier.

- (c) Except as herein modified, the Temporary Trackage Rights Agreement shall remain in full force and effect.

ARTICLE 4. SUCCESSORS AND ASSIGNS

- (a) Except as provided herein, neither this Supplemental Agreement (including the documents and instruments referred to herein) nor any of the rights, interests or obligations hereunder, shall be assigned by any Party, including by operation of law, without the prior written consent of the other Parties, except to a controlled subsidiary.
- (b) Any Party without the consent of the other Parties may assign all of its rights and obligations under this Supplemental Agreement only to any successor in the event of a merger, consolidation, sale of all or substantially all its assets, if such assignee executes and delivers to the other Parties hereto an agreement reasonably satisfactory in form and substance to such other Parties under which such assignee, which is reasonably satisfactory to the other Parties, assumes and agrees to perform and discharge all the obligations and liabilities of the assigning Party; provided that any such assignment shall not relieve the assigning Party from the performance and discharge of such obligations and liabilities.

ARTICLE 5. GENERAL PROVISIONS

- (a) This Supplemental Agreement and each and every provision hereof is for the exclusive benefit of the Parties hereto and not for the benefit of any other party. Nothing herein contained shall be taken as creating or increasing any right of any other party to recover by way of damages or otherwise against any of the Parties hereto.
- (b) This Supplemental Agreement contains the entire understanding of the Parties hereto and supersedes any and all oral understandings between the Parties.
- (c) No term or provision of this Supplemental Agreement may be changed, waived, discharged or terminated except by an instrument in writing and signed by all Parties to this Supplemental Agreement.
- (d) All words, terms and phrases used in this Supplemental Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.
- (e) All Article headings are inserted for convenience only and shall not affect any interpretation of this Supplemental Agreement.
- (f) This Supplemental Agreement is the result of mutual negotiations of the Parties hereto, none of whom shall be considered the drafter for purposes of contract

construction.

- (g) No Party hereto may disclose the provisions of this Supplemental Agreement to an outside party, excluding a parent, subsidiary or affiliate company, without the written consent of the other Party, except as otherwise required by law, regulation or ruling.

IN WITNESS WHEREOF, the Parties hereto have caused this Supplemental Agreement to be duly executed as of the date first above written.

WITNESS

CEX TRANSPORTATION, INC.

John W. Butler By John W. Butler

WITNESS

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Donna H. Armentrout M. J. McManis

WITNESS

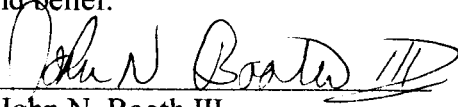
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Donna H. Armentrout By A. G. Bell

VERIFICATION

State of Florida)
)ss
County of Duval)

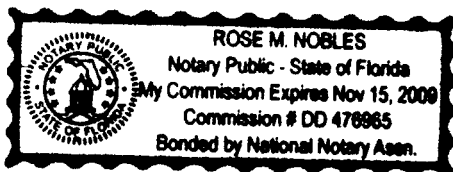
I, John N. Booth III, being duly sworn, depose and state that I am Director-Joint Facility Contracts of CSX Transportation, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption, and know the facts asserted therein are true and accurate to the best of my knowledge, information and belief.


John N. Booth III

Subscribed and sworn to before me this 24th day of January 2006.

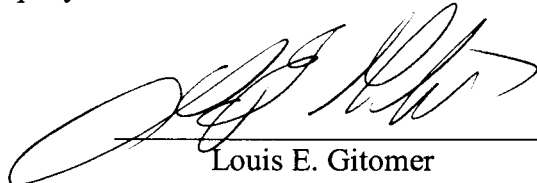

Notary Public

My Commission expires: Nov. 15, 2009



CERTIFICATE OF SERVICE

I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 34762, *CSX Transportation, Inc.—Temporary Trackage Rights—Norfolk Southern Railway Company*, to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission, the Governor, Public Service Commission, and Department of Transportation of the States of Alabama, Louisiana, and Mississippi, Alabama Great Southern Railroad Company, and The Kansas City Southern Railway Company.



Louis E. Gitomer
January 25, 2006